

Governor's Solar Energy Task Force

Wednesday, May 11, 2011, 2:00 pm to 4:00 pm
Executive Tower, First Floor Conference Room
Arizona State Capitol Building

Minutes

I. Call to Order

Meeting Facilitator Leisa Brug called the meeting to order.

II. Register

Members Present: Brad Albert, APS, Jack Blair, SSVEC, Frank Del Fosse, Snell & Wilmer, Charlie Duckworth, SRP, Glenn Hamer, Arizona Chamber of Commerce & Industry, Herb Hayden, Southwest Solar Technologies, Inc, David Hutchens, UniSource Energy, Kate Maracas, Abengoa Solar Inc., David Martin, Associated General Contractors, Michael Neary, Arizona Solar Energy Industries Association, George Seitts, Sean Seitz, American Solar Electric, Inc., Polly Shaw, Suntech America, James Strock, James Strock & Company, Robert T. Wanless, SOLON Corporation, Laurie A. Woodall, KR Saline & Associates PLC, Leisa Brug, Director, AZ Energy Office & Energy

Members Absent: Patrick James Graham

Guests: Kevin Kinsall, Natural Resources Policy Advisor, Maria Baier, State Lands Commissioner, Brandy Samaniego, APS, Rob Taylor, SRP, Christopher Fecke-Stoudt, Molly Greene, Todd Baughman, Sandra Watson, Lee Feliciano, Dean Miller, Joy Butler, Kathy Senseman

Meeting Facilitator: Leisa Brug, Director, AZ Energy Office & Energy Policy Advisor for Governor Brewer

Introductions of Guests

Sandra Watson –The competitiveness package made a new creation of AZ Commerce Authority. Renewable energy is a major pillar in the competitiveness package. The mission is to attract business to Arizona. A board was appointed in June and decided to work on a short term interim plan. The board worked for six weeks to come up with key recommendations that focus on economic development.

Maria Baier, State Lands Commissioner – We manages over 9.3 million acres across Arizona. We want to accommodate the needs of the industry and are eager to be a landlord for the state.

Introductions of Members

Kate Maracas, Abengoa Solar Inc. - We are famous for a large utility scale plant. I would love to see barrier reduction.

George Seitts – I was in the energy and renewable energy industry and have done a lot of solar work. Arizona should look at water issues. There is a lot of new technology out there. We need to push it because it creates jobs.

Laurie A. Woodall, KR Saline & Associates PLC – We have done regional planning. I've been an attorney for over thirty years. I am interested in the transmission planning part of this.

Sean Seitz, American Solar Electric, Inc. – I’ve been in the industry for fourteen years. We are working statewide. We have ten builders we are working with. We are looking at the sustainable components of the program offered throughout the state. We need to decide policy for unregulated utility.

David Hutchens, UniSource Energy – We need to get more solar faster and cheaper. We are concerned with low water usage. The ability to get a permit is slowing it down.

Frank Del Fosse, Snell & Wilmer – Snell & Wilmer is the largest law firm in Arizona and represent developers. A lot of times financiers are not brought into the process and no one can get financed.

Robert T. Wanless, SOLON Corporation – We build large scale power plants. We work with research and development at ASU. One project we have is in Gila Bend. We were the first Arizona Sun Program with APS.

David Martin, Associated General Contractors – The AGC has been representing contractors since 1934. We built the infrastructure of the state.

Glenn Hamer, Arizona Chamber of Commerce & Industry - I worked for First Solar before they went public. Now I am at the state Chamber. The Governor has framed it well. I believe this task force is helpful.

Herb Hayden, Southwest Solar Technologies, Inc. – We are developing a new solar technology. It’s a solar thermal concentration center. There is no general market right now. We look offshore right now to stay alive. China is more aggressive than us right now. Nobody can predict the growth. I hope we can unearth what we think is important.

Brad Albert, APS – Renewable energy has been very busy over the last few years. We have two more projects scheduled in the coming weeks and months. We would like to see if we can do anything to bring cost to our customers. Anything we save can be passed to the customer.

James Strock, James Strock & Company – I’ve worked in public and private financing that relates to these things. There is so much knowledge on the table. When I drove in, I thought of how there would be no water today without President Roosevelt.

Michael Neary, Arizona Solar Energy Industries Association – We have been growing rapidly over the past few years. We first started on public policy and passed a residential tax credit. It was attached to the same bill allowing Intel to build. HOAs have been a major barrier. Our policy includes a renewable energy standard and we still have work to do. Barrier reduction is important. A statewide program will really help to infuse that.

Polly Shaw, Suntech America – Our goal is aggressive cost reduction on our products with extremely high quality. We came to Arizona by the notion that there was a statewide agreement. Arizona is sitting on a gold mine. There is every reason to do this. The growth for companies to grow here will be based off consistencies and tax policies

Charlie Duckworth, SRP –We will use geothermal, wind, and solar. The biggest hurdle we have seen is bringing it in a timely way. Anything this group can do to streamline that will be useful.

Jack Blair, SSVEC – We are proud of the award we received last year. I am here because I was asking to observe and come back. We also have Fort Huachuca that wants to build something over there. Sometimes large solar fields want to work with you. But, don’t forget about the military.

III. Old Business

None discussed.

IV. New Business

a. Organizational Structure Overview/Discussion

Leisa Brug, Director, AZ Energy Office & Energy –It took us so long to meet because the Governor took a lot of time on the competitiveness package and decided that she wanted to pull commerce out. At that time they also didn't have a director in the Energy Office either. I am the facilitator and we need to elect a chair. Every meeting I will work with the chair to make sure we have discussion. The task force is for solar energy and it vitally important for Arizona. There is a need for greater efficiencies. The goal is to evaluate the incentives and look at what's limiting the growth of solar. We are capped at 15 members. If a resignation happens, encourage someone to apply. You meet at the call of the elected chair. You vote in person. Sub committees and working groups may be assigned.

Discussion to Change the Name to “The Renewable Energy Task Force”

Opinion

- The Governor wants a clear distinction between economy and policy discussion. Natural resources and energy go together.
- I think a more inclusive title would be good.
- Arizona is not the wind capitol of the county. If we want a specific focus, solar is the focus. Wind is not in the evolutionary state, but solar is.
- There are a lot of things that fall under that category. We have the greatest resource in the country.
- Our focus is competitiveness. We have a great formula. When we talk solar, it's largely the same transmission. Wind is really a different animal.
- I support all renewable. There are other renewable options and we need to keep that in mind.
- Some things the ACA sends us might not be solar but it will be complimentary.
- We need to focus on keeping Arizona dollars in Arizona. So many times wind is in New Mexico.
- If we use the title renewable energy task force it wouldn't matter because we set goals. We gave to consider nuclear too. There has been a lot of legislation with that.

Decision

- The name stays the same – “Governor's Solar Energy Task Force.”

B. Group Discussion of Current Policies and Incentives/What Could Be Improved/What Other States Do, Etc.

Kevin Kinsall, Natural Resources Policy Advisor – The legislature passed Senate Bill 1403 and we would like your comments. Let's see what's good, bad, working, and not working. The goal was to provide jobs to Arizona. We will ensure the commitments were made. Any thoughts?

Discussion on Senate Bill 1403, Current Policies and Incentives, and Improvements

- I think you're attracting solar companies. That was needed to be done in a big way. I think that bill hit the mark.
- If we have issues, the Governor wants to know.
- We invested about \$60 million and never got the luxury of the tax credit bill. We don't have big tax appetites. I view the credit as giving them a bowl of soup and a fork to eat it. Let's have projects ready to

go and build them. This is where the resource and fuel source is. I think the tax incentive doesn't meet the needs of the manufacturer.

- When we looked at it, we thought a company like SUNTEC would come to the state. In our case it really didn't do anything. It really was a tax credit designed with a big broom opposed to the idea of companies here already.
- It is the market that is really attracting here. We feel this is the point where jobs are.
- Is there a way you can tie the tax credit to an advancement of jobs instead of an initial investment? We are really trying to trigger that. It's the addition of jobs that gives the state revenue.
- From the utility perspective we just want the best deal for our customer. As a state we have a lot more to lose than to gain.
- Whether its local manufacturing, services, etc. a certain percentage has to come from local entities. It is very important we provide services in state.
- If you want to encourage development projects it probably would be better served trying to get the tax credit to the system.
- Seems like we can look at macro issues and then local issues. I think we have a couple issues going here. I know that business guys like to know certainty. I think if we see what the big picture is locally, we can grow.
- If you do or do not include jobs it will make a big difference on how you evaluate things. A curse we have is that Arizona has good energy resources. That's why they look at us.
- We are not just looking to be the solar capitol of the world. It is to attract jobs here and stimulate the economy. We will offer specific ideas, some large and some small.
- One aspect of permitting is that there are a lot of systems. Legislation was passed three years ago having them do it at cost. The industry went along with it to have all the jurisdictions at the table.
- There is a great deal of redundancy. There are differences in jurisdiction, but we have a common checklist.
- Permitting is an obvious one we all agree with. It's a pain in the butt. If there was consensus on permitting, how big is the market right now? I don't think SUNTEC came here because of the law passed. Without permitting, will there be much of a market?
- Sometimes the requirements are completely ridiculous.
- None of the issues we are talking about can stand alone. It's everything, all of the above.
- You should have those processes lined up for when the market does come.
- One more thing on 1403, we have had 14 inquires since its passed. People are asking questions.

Leisa Brug, Director, AZ Energy Office & Energy — I know Senate Bill 1403 was a big step forward. Our ultimate goal is recommendations. We have discussed regulatory process, permitting barrier reduction, the Gila Bend solar field overlays, and the transmission piece.

Discussion on How the Board Might Enhance or be a Partner

Leisa Brug, Director, AZ Energy Office & Energy — Maybe it's just a communications process. As we move forward on issues we can share thoughts. We need to find a way to save time.

- I think the commission is an important audience. I think it's important that we change thinking on export opportunities. We can export our home grown solar fuel.
- If you want to be in the energy business, you want to trade. We tried addressing that during the last administration and they thought we were getting too aggressive. I think there is some real opportunity.

Leisa Brug, Director, AZ Energy Office & Energy - One of my goals is to build a long term sustained relationship. It will remain ongoing. I am working on doing this same sort of group in the legislature. We need something that stays.

- I think that is important. We need to begin educating the legislature.
- I think it's important to recognize California's increase as a huge plus for us. But, it's not for the long term unless we jump on it.
- There could be a better centralized summary. The report has been a little inconsistent.

Leisa Brug, Director, AZ Energy Office & Energy - It is worked on daily. We will be working on getting that data and tracking the utility pipeline. Let's come up with ideas before the next meeting. I see a lot of consensus and grouping but I would like to see that from each of you. We will put ideas in categories to discuss.

c. Goals – Report To Governor, Late November/Early December

Leisa Brug, Director, AZ Energy Office & Energy - We will report to the Governor in the fall. We should meet again in the summer and in the fall. This first phase can be email, teleconference, etc. I don't want to be calling a meeting every month. The next meeting we will elect our chair and that person can run the meeting.

Discussion on a Meeting Time and Chairman Nomination

Opinion

- I think it's a long time. I suggest we meet a lot sooner.
- Given the number of things you're talking about, the end of August is hard to get to people.
- How do we even go about picking a chairman? Should we nominate them? What are the duties of the chairman?

Leisa Brug, Director, AZ Energy Office & Energy - It's in the executive order. We do the administrative side and the chair would help develop the agenda and run the meetings. They will decide if a smaller group will meet.

- So, in terms of production, you have staff to research?

Leisa Brug, Director, AZ Energy Office & Energy – Yes, we will handle the research.

- Maybe these discussions may be more productive if handled in private.
- The nomination will have a statement of qualifications.

Decision

- Board will set a date to meet in June.

- Ideas, nominations, self nominations and SOQs should be emailed to Leisa Brug by the end of the month.

V. Public Comments

No public comments.

VI. Adjournment

Meeting Facilitator Leisa Brug adjourned the meeting.

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